some definite basis of financial control over the expenditure, it is desirable to have a convention that the expenditure of each department should not ordinarily exceed a certain prescribed percentage of the total revenue of the State. This would prevent departments from making demands arbitrarily out of proportion to their necessary and legitimate needs, and to the other total demands on the finances of the State. If variations are needed, the department concerned should get them sanctioned after giving full reasons for the change. The adoption of some such method is essential in order to check haphazard and inharmonious growth of expenditure in the several departments of the State.

FINANCIAL POSITION.

45. The usual statement of assets and liabilities is furnished on pages 9 and 10 of the Budget Estimates. The Government Balance at the end of 1112 is estimated to amount to Rs 102·61 lakhs including the General Reserve Fund of Rs 60·55 lakhs. This includes, however, the sum of Rs 112·18 lakhs representing the estimated expenditure to the end of the year on productive work shown under "Debt Heads" so that the general current balance of Government is expected to be overdrawn at the end of the next year by Rs 9·57 lakhs. It will be seen that the recent loan of Rs 50 lakhs and this overdraft are more than covered by the value of our remunerative assets. Our gilt-edged surplus investments amount to Rs 148 lakhs, and our other liquid assets to about Rs 70 lakhs. Our debt position may be regarded as quite satisfactory.

COMMITMENTS.

46. The total commitments of Government in regard to capital expenditure on schemes now in progress, for 1113 and succeeding years, may, as far as they can be estimated at present, be taken as amounting roughly to about at least Rs 100 lakhs, *vide* details below :—

	Rs (lakhs).
Drainage Works, Trivandrum ...	35½
Water Supply to Municipal Towns (Alleppey, Shencottah and Nagercoil) ...	23½
Pallivasal Hydo-Electric Scheme Project for extension to Quilon ...	16
Trunk Telephone ..	2
Council Chamber ...	3
Loans to Cochin Harbour ...	20
	100 lakhs.

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[Rao Bahadur A. Rengaswami Alyar.]

A sum of about Rs 78 lakhs may probably be recovered eventually, (40 lakhs from the Municipalities in equated instalments, being half of the capital cost of the expenditure on Drainage and Water Supply Schemes, and Rs 38 lakhs from the Cochin Harbour authorities) The expenditure on extensions to the Pallivasal Schemes, and on Trunk Telephone is expected to be remunerative. Government will, however, have to arrange for the necessary funds in the first instance for the above.

WAYS AND MEANS.

47. Our investments which stood at Rs 199·14 lakhs at the beginning of the year 1111 will stand at Rs 175·74 lakhs at the end of the current year, a sum of Rs 23·40 lakhs having been withdrawn during the year. The proceeds of our recent loan are expected to yield Rs 50·89 lakhs which is included under "Suspense" for the present. Our closing cash balances at the end of the current year are estimated to be Rs 90·37 lakhs.

It is proposed to withdraw a sum of Rs 27·40 lakhs next year from the surplus investments with a view to finance the estimated programme of Capital and Industrial Schemes and to maintain adequate cash balances in the Treasuries and the Imperial Bank of India. The surplus investments are therefore estimated to stand at Rs 148·34 lakhs at the end of the next year. The total booked assets inclusive of the outlay on productive schemes at the close of the next year are estimated to amount to about Rs 467·18 lakhs and our liabilities to Rs 425·12 lakhs. Our closing cash balance at the close of the ensuing year is expected to stand at Rs 46·84 lakhs which represents roughly the minimum working balance required.

It will be seen from the above narrative that we hope to close the accounts of the next year with a surplus and to finance all our heavy capital and industrial schemes to end of the next year, with the aid of the recent public loan of B. Rs 50 lakhs. The general financial condition of our State may therefore be regarded as one of exceptional strength and soundness.

President: The Joint Session will now adjourn.

The joint sitting of the two Houses terminated at 11·58 A. M.

P. PARAMESVARAN PILLAI,
Secretary to the Sri Chitra State Council.

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